

United States Senate

WASHINGTON, DC 20510

March 22, 2004

The Honorable George W. Bush
The White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President,

With last week's news that the price of oil has reached its highest level in 13 years, I urge you to act now to reduce skyrocketing prices at the pump by deferring oil deliveries and releasing a portion of the Strategic Petroleum Reserve (SPR) through an oil swap. The rising price of gasoline is holding up the nation's economic recovery and undoing any positive effects of the Administration's tax credits. In fact, analysis shows that if prices continue to grow unchecked, by the end of the summer, a two car family from New York with one child will have spent their entire tax credit to pay for the increased price of gasoline. That is an extra \$414 per family since the tax credits were mailed out last year.

Initiating a swap of oil from the SPR to increase the supply of oil is a proven way to reduce the price of gasoline and heating oil. In the fall of 2000, the Clinton Administration announced a swap of 30 million barrels over 30 days, causing prices to quickly fall by over 10% and to stabilize for nearly a year. Under a swap, the federal government could decide on a set quantity of oil to release from the SPR, and accepts bids from private companies for the rights to that oil. The companies would then bid on how much oil they are willing to return to the SPR at a later date. For example, if the federal government decided to release oil and a private company wanted to obtain 10 million barrels, the company would bid for the 10 million barrels by promising 15 million barrels to be returned to the SPR at a later date.

An oil swap would result in a win-win situation where gas prices are lowered and long term contributions to the SPR are preserved at no additional cost to the taxpayer. This Administration, however, has maintained a policy of adding oil to the Reserve, taking more than 100,000 of oil per week out of the market place. The SPR is intended to provide relief at times when working families are struggling to make ends meet. That time is now.

Since July, the price of unleaded gasoline in New York has increased by 26 cents to an astounding \$1.86 per gallon. This means that the average two car family is paying \$25 more a month on gasoline alone. Mr. President, you have heralded your tax credits as putting money back into the hands of American families. Now, it appears, whatever you put into their hands, the oil companies are taking out.

In January of 2003, I urged you to utilize the SPR when the price of unleaded gasoline was \$1.50 in New York. Fourteen months and 36 cents higher, the Administration has still not intervened. The summer driving months are just around the corner. I ask that you finally use the SPR and put America back on the track to economic recovery.

Sincerely,

A handwritten signature in dark ink, reading "Charles E. Schumer". The signature is fluid and cursive, with the first name "Charles" being more prominent and larger than the last name "Schumer".

Charles E. Schumer
United States Senator